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Summary of Consolidated Financial Results for the Year Ended February 28, 2022 (Based on Japanese GAAP)

April 13, 2022

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 Scheduled date of annual general meeting of shareholders: May 25, 2022
 Scheduled date to commence dividend payments: May 10, 2022
 Scheduled date to commence dividend payments: May 25, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for analysts and institutional investors)
 (Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2022	143,036	1.8	4,053	349.0	7,578	271.9	2,227	—
Year ended February 28, 2021	140,509	(6.1)	902	159.0	2,037	179.4	(2,545)	—

(Note) Comprehensive income: Year ended February 28, 2022 2,465 million yen (—%)
 Year ended February 28, 2021 (2,495) million yen (—%)

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Year ended February 28, 2022	58.05	57.85	4.4	9.4	2.8
Year ended February 28, 2021	(66.39)	—	(4.8)	2.4	0.6

(Reference) Equity method investment gain (loss): Year ended February 28, 2022 50 million yen
 Year ended February 28, 2021 60 million yen

(Note) Diluted earnings per share for the year ended February 28, 2021 are not shown given negative earnings per share although there are dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2022	80,795	52,053	63.2	1,329.78
As of February 28, 2021	80,389	51,867	63.4	1,329.87

(Reference) Shareholders' equity: As of February 28, 2022: 51,036 million yen
 As of February 28, 2021: 51,001 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 28, 2022	10,788	(2,274)	(2,739)	16,192
Year ended February 28, 2021	4,726	(2,729)	(1,317)	10,491

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 28, 2021	—	0.00	—	30.00	30.00	1,150	—	2.2
Year ended February 28, 2022	—	30.00	—	30.00	60.00	2,302	103.4	4.4
Year ending February 28, 2023 (Forecast)	—	30.00	—	30.00	60.00		75.7	

3. Forecast of consolidated financial results for the year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

(Percentages indicate changes compared with the previous year for full year results, and those compared with the same quarterly period of the previous year for quarterly results)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ended August 31, 2021 (Cumulative)	74,180	4.4	3,430	60.0	3,790	(0.5)	2,230	4.9	58.10
Full year	149,800	4.7	6,060	49.5	6,530	(13.8)	3,040	36.5	79.21

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): No

Newly included: - companies (Company name), Excluded: - companies (Company name)

- (2) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: No
 2) Change in accounting policies other than item 1) above: No
 3) Changes in accounting estimates: No
 4) Restatement of prior period financial statements: No

- (3) Number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2022	44,392,680 shares
As of February 29, 2021	44,392,680 shares

- 2) Number of treasury shares at the end of the period

As of February 28, 2022	6,012,874 shares
As of February 29, 2021	6,041,555 shares

- 3) Average number of shares outstanding during the period

Year ended February 28, 2022	38,372,981 shares
Year ended February 28, 2021	38,345,656 shares

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

- (1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 28, 2022	132,204	1.8	2,360	—	5,129	—	826	—
Year ended February 28, 2021	129,917	(5.9)	(18)	—	297	—	(3,043)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Year ended February 28, 2022	21.53	21.45
Year ended February 28, 2021	(79.36)	—

- (2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2022	73,975	47,795	64.3	1,240.03
As of February 28, 2021	75,035	49,242	65.3	1,278.16

Reference: Equity

As of February 28, 2022: 47,591 million yen
 As of February 28, 2021: 49,018 million yen

* Summary of consolidated financial results is not subject to the audit procedure performed by a Certified Public Accountant or audit firm.

* Explanation of appropriate use of financial results forecasts and other special notes

Translation

- Any statement on the future such as an outlook for financial results included in this material is based on information the Company presently has and certain assumptions the Company considers reasonable, and the Company does not promise such will be achieved. In addition, actual financial results may significantly differ due to various factors. For assumptions for financial results forecasts and points to consider in utilizing them, please see “1. Overview of operating results, etc., (1) Overview of operating results during the period under review, 2) Outlook for the next period” on P.5of the attachments.
- * Method to obtain supplementary materials on financial results
- Supplementary materials on financial results will be posted on the IR Library section of the Company’s website on April 15, 2022 (Friday).

○ Table of Contents for Attachments

1. Overview of Operating Results, etc.....	2
(1) Overview of operating results during the period under review.....	2
(2) Overview of financial position for the period under review.....	7
(3) Basic policy for appropriation of profits and dividends for the period under review and next period.....	9
2. Basic Approach towards Selection of Accounting Standard.....	9
3. Consolidated Financial Statements and Key Notes.....	10
(1) Consolidated balance sheets.....	10
(2) Consolidated statements of income and consolidated statements of comprehensive income.....	12
Consolidated statements of income.....	12
Consolidated statements of comprehensive income.....	13
(3) Consolidated statements of changes in equity.....	14
(4) Consolidated statements of cash flows.....	16
(5) Notes to consolidated financial statements.....	18
(Notes regarding the going concern assumptions).....	18
(Changes in presentation method).....	18
(Segment information).....	18
(Per-share information).....	21
(Important subsequent events).....	22

1. Overview of Operating Results, etc.

(1) Overview of operating results during the period under review

1) Operating results during the fiscal year under review

During the fiscal year under review, consumption activities in the Japanese economy continued to face severe conditions due to the impact of a surge in crude oil prices and higher commodity prices on personal consumption, on top of the impact of the spread of COVID-19.

The future outlook in the food services industry remains uncertain mainly due to the emergence of new variants although there are signs of a recovery as the declaration of a state of emergency and measures to prevent the spread of infection were lifted and progress was made in vaccinations. The meal placement industry remained strong thanks to increased demand for takeouts and deliveries on the back of COVID-19 and due to changes in consumer lifestyles. Meanwhile, competition is intensifying beyond business types with restaurants and diners entering the takeout market.

Under these circumstances, in an effort to increase customer satisfaction, the Group focused on further enhancing its business foundations by developing existing brands and on operating stores with due consideration to the safety of customers and employees. As part of efforts to develop existing brands, we worked to expand over-the-counter sales. We did this through such measures as launching campaigns using products manufactured at the Group's plants, implementing sales strategies with business type-specific targets, and expanding stores that adapt to digital marketing and delivery services using smartphone applications and other platforms while continuing to focus on the promotion of franchising.

Hotto Motto continued to improve its contactless operations by strengthening its online ordering and delivery services, as well as cashless payments. YAYOI sought to respond to a wide range of customer needs by expanding demand for takeouts and breakfast.

With regard to year-on-year change in net sales at existing stores in Japan, Hotto Motto remained strong increasing sales by 4.1%. YAYOI and MK RESTAURANTS, however, continued to experience a challenging business environment, with YAYOI up 0.8% and MK RESTAURANTS down 17.6%, impacted by requests to stay at home and shorten business hours in certain areas.

[Year-on-year change in net sales at existing stores in Japan]

	First quarter (March to May)	Second quarter (June to August)	Third quarter (September to November)	Fourth quarter (December to February)	Full fiscal year under review (March to February)
Hotto Motto	106.6%	104.5%	103.9%	101.4%	104.1%
YAYOI	113.7%	93.1%	88.4%	113.1%	100.8%
MK RESTAURANTS	100.1%	67.9%	75.3%	99.5%	82.4%

In overseas markets, we continued to face a challenging business environment due to restrictions, such as operating only takeout and delivery services or operating on shortened hours and/or having limits on the number of seats based on government orders in some countries and regions.

As a result of the above, the Company posted net sales of 143,036 million yen (up 1.8% year-on-year), operating profit of 4,053 million yen (up 349.0% year-on-year), ordinary profit of 7,578 million yen (up 271.9% year-on-year), and profit attributable to owners of parent of 2,227 million yen (loss attributable to owners of parent of 2,545 million yen in the previous year) during the fiscal year under review.

Net sales increased year-on-year due to an increase in net sales at existing stores of Hotto Motto and YAYOI, despite a decrease in net sales resulting from the transfer of directly managed Hotto Motto stores to franchised stores.

Profits also increased year-on-year due to an increase in net sales at the aforementioned existing stores and improved gross margin. The increase in ordinary profit was mainly due to posting 2,606 million yen in non-operating income for a subsidy for cooperation from a local government for shortening business hours to prevent the spread of infections and subsidies for employment adjustment as subsidy income, and increase in profit attributable to owners of parent was mainly due to posting 2,980 million yen in impairment loss on non-current assets including stores.

[Status of store development in Japan]

	End of previous fiscal year	Opening	Closing	End of fiscal year under review	Renovation/Relocation
Hotto Motto	2,493 stores	7 stores	12 stores	2,488 stores	12 stores
YAYOI	372 stores	1 store	2 stores	371 stores	4 stores
MK RESTAURANTS	26 stores	–	1 store	25 stores	–
Total	2,891 stores	8 stores	15 stores	2,884 stores	16 stores

[Status of store development outside Japan]

	Area	End of previous fiscal year	Opening	Closing	End of fiscal year under review
Hotto Motto	China	2 stores	–	1 store	1 store
	South Korea	11 stores	1 store	5 stores	7 stores
	Singapore	1 store	–	1 store	–
YAYOI	Thailand	194 stores	7 stores	8 stores	193 stores
	Singapore	9 stores	1 store	2 stores	8 stores
	Australia	6 stores	–	–	6 stores
	Taiwan	21 stores	2 stores	1 store	22 stores
	USA	4 stores	–	1 store	3 stores
	Philippines	6 stores	1 store	–	7 stores
	Malaysia	4 stores	1 store	–	5 stores
	China	–	1 store	–	1 store
Total	–	258 stores	14 stores	19 stores	253 stores

The Group's business performance by segment is as follows.

[Hotto Motto Business]

As a top brand of takeout bento boxes, and with a safe and secure quality management system, the Company aimed at increasing customer satisfaction by providing high-value-added products by promoting the use of the Group's plants and others, on the basis of focusing on tasty meals, using carefully selected high-quality rice grown in Japan, and providing bento boxes that are freshly made in stores.

We also continued to improve contactless operations by strengthening online ordering, delivery services, and cashless payments, in addition to taking measures to capture new customer groups through selling products targeting younger generations and families, and driving repeat visits to stores through customer-participation promotional campaigns.

Furthermore, with regards to franchise development, we continued to actively work to acquire new owners and increase the number of stores for the existing owners through the use of the "unit franchise system."

As a result of the above, the Company posted net sales of 105,972 million yen (up 1.4% year-on-year) and an operating profit of 7,050 million yen (up 59.3% year-on-year). Net sales increased year-on-year as a result of an increase in net sales at existing stores (up 4.1% year-on-year), despite a decrease in net sales due to the transfer of directly managed stores to franchised stores. Profits also increased year-on-year due to an increase in net sales at existing stores and improved gross margin.

[YAYOI Business]

Our basic policy is to offer set meals made with carefully selected ingredients and a home-made feel at reasonable prices. In addition to the conventional product measures for heavy users, we continued to respond to a wide range of customer needs. For example, we expanded demand for breakfast by enhancing breakfast menus and increasing the number of stores offering them. We boosted demand for takeouts by offering and implementing on-going campaigns of “At-Home Set Menu” which provides rice, soup, and side dishes in separate containers so that customers can enjoy set meals at home, etc. in the same manner as at stores. We also promoted cashless payment by introducing new ticket vending machines, and distributing reasonable QR coupons by renewing the YAYOI Official App.

As a result of the above, the Company posted net sales of 25,359 million yen (up 3.6% year-on-year) and operating loss of 2,349 million yen (operating loss of 2,683 million yen in the previous year). Net sales increased year-on-year as a result of an increase in net sales at existing stores (up 0.8% year-on-year) and the transfer of directly managed stores to franchised stores. In terms of profits, the magnitude of loss decreased year-on-year due to improved gross margin and an increase in net sales at existing stores.

[MK RESTAURANTS Business]

We enhanced product capability of shabu-shabu (thinly sliced meat boiled with vegetables) served with hearty ingredients and unique soups by offering limited-time-only pot soups, such as “Iwashita’s New Ginger Pot Soup” and “Iwashita’s New Ginger Xiaolongbao,” specially selected ingredients and dim sum (small Chinese dishes). In addition, we focused on driving customer visits by regularly implementing sales promotion initiatives targeting families. We also sought to respond to a wide range of customer needs by expanding takeout menus and delivery services.

As a result of the above, the Company posted net sales of 1,848 million yen (down 14.2% year-on-year) and operating loss of 302 million yen (operating loss of 386 million yen in the previous year). Net sales decreased year-on-year due to a decrease in net sales at existing stores (down 17.6% year-on-year) and closure of unprofitable stores. In terms of profits, the magnitude of loss decreased year-on-year due to closure of unprofitable stores and reduction of selling, general and administrative expenses.

[Overseas Business]

In the overseas business, efforts were made to restore profitability by enhancing profitability of existing stores through such measures as implementing market-specific initiatives to boost sales and reducing costs at stores through the local procurement of ingredients. However, we continued to face a challenging business environment due to restrictions, such as operating only takeout and delivery services or operating on shortened hours and/or having limits on number of seats based on government orders in some countries and regions, prompted by the impact of the spread of COVID-19.

As a result of the above, the Company posted net sales of 3,007 million yen (up 3.4% year-on-year) and operating loss of 713 million yen (operating loss of 688 million yen in the previous year).

[Other]

MSF Co., Ltd., whose main business is as an original equipment manufacturer (OEM) of seasonings and processed food, proactively proposed new products to existing business partners while conducting marketing activities to acquire new ones. MSF Co., Ltd., which also engages in the development of seasonings and other ingredients used at the Group’s stores, focused on expanding the number of products.

As a result of the above, the Company posted net sales of 6,849 million yen (up 5.8% year-on-year). Regarding profits, the Company posted operating profit of 439 million yen (up 54.2% year-on-year) as a result of an increase in production despite amortization of goodwill.

2) Outlook for the next period

In the domestic market environment, in addition to the downsizing caused by the declining birthrate and aging population, competition among companies is expected to become more severe. And companies are having to undergo large reforms due to the significant changes in lifestyles and consumer behavior resulting from the widespread idea of remote work and acceleration of digitalization. The future outlook also remains uncertain with new waves of COVID-19, and the business environment is continuously expected to remain challenging as price hikes of raw materials and energy, rising labor costs, and increasing geopolitical risks may greatly affect economic activities.

Against this backdrop, the Group aims to continuously enhance its corporate value by expanding the scale of sales across the chain and improving the profitability of its stores as its growth strategy. Regarding Hotto Motto, we will continue to roll out campaigns utilizing products manufactured at the Group's plants and implement targeted sales strategies, while also working to increase sales at existing stores by responding to a wide range of customer needs through measures such as strengthening online ordering, delivery services, and cashless payments, as well as those to capture new customers by launching products targeting families.

As for YAYOI, we will continue to implement targeted sales strategies and aim to increase sales at existing stores through sales promotion measures utilizing the functions of renewed apps and ticket vending machines.

With regard to MK RESTAURANTS, we will aim to recover sales at existing stores by effectively utilizing marketing know-how accumulated at Hotto Motto and YAYOI, as well as restructuring marketing strategies. We will also aim to improve profitability by strengthening the marketability of stores and improving store management efficiency through capital investment.

As for new store openings, we plan to open 48 stores in Japan, working toward strengthening the existing store structure and build high-profit models to expand store opening. 15 stores are also planned to be opened overseas.

At the Group's plants, the number of manufactured products and production volumes have been increasing steadily, contributing to their stable operation. With a view to improving profitability further through a reduction in merchandise cost, we will work for improved utilization rates and stable operations by actively utilizing the Group's plants. We will do so through measures such as implementing a campaign utilizing internally manufactured products and developing new products. Enhancement of productivity will also be aimed at by developing flexible personnel systems according to the capital investment and production of each manufacturing line.

In the overseas business, we will aim to make it profitable by promoting business expansion which adapts to regional features, while at the same time building new models to expand store openings.

As a result of the above, the Company expects net sales of 149,800 million yen (up 4.7% year-on-year), operating profit of 6,060 million yen (up 49.5% year-on-year), ordinary profit of 6,530 million yen (down 13.8% year-on-year), and profit attributable to owners of parent of 3,040 million yen (up 36.5% year-on-year) during the next period. The forecast is made under the assumption that the first quarter will continuously be affected by the spread of COVID-19. The above forecasts are based on information available as of the date of disclosure of this material, and actual results may differ from the forecasts due to various future factors. We will carefully assess any events that may affect our business and promptly disclose any future necessary revisions.

(Risk Information on COVID-19)

The global spread of COVID-19 continues to have an important impact on the food services industry. It has resulted in global travel restrictions, including a ban on entering or leaving countries, and restrictions on leaving home. Yet in Japan, signs of improvement are beginning to be seen given the lifting of priority measures, such as those to prevent the spread of COVID-19 and progress in vaccinations. If the impact is prolonged or increases further, over-the-counter net sales may decrease and a shortage of raw materials, a surge in purchase prices, and other issues may occur, and this may affect the operating results and financial position of the Group.

As countermeasures for such risk, in order to achieve customer satisfaction as a food infrastructure company, the Group is implementing store operation which takes into account the safety of its customers, business partners, and employees such as by thoroughly implementing measures to prevent infections in accordance with the guidelines of the health administration and changing business hours in accordance with requests for self-restrictions from local governments. In addition, as of the date of disclosure of this material, the Company is working to reduce the impact on its businesses by, for example, ensuring stable operation of the Group's plants, securing sufficient amounts of raw materials, promoting delivery services, online orderings, and

cashless payments, as well as promoting takeouts for the YAYOI Business and MK RESTAURANTS Business.

(2) Overview of financial position for the period under review

1) Assets, liabilities and net assets

Total assets as of the end of the fiscal year under review were 80,795 million yen, up 406 million yen compared with the end of the previous fiscal year. This consisted of an increase of 6,141 million yen in current assets and a decrease of 5,735 million yen in non-current assets. The increase in current assets was mainly due to an increase of 5,730 million yen in cash and deposits and an increase of 409 million yen in merchandise and finished goods. The decrease in non-current assets was chiefly attributable to a decrease of 5,437 million yen in property, plant and equipment and a decrease of 475 million yen in intangible assets. The decrease in property, plant and equipment was chiefly attributable to a decrease of 4,371 million yen in buildings and structures. Liabilities increased 219 million yen from the end of the previous fiscal year to 28,741 million yen. This consisted of an increase of 869 million yen in current liabilities and a decrease of 650 million yen in non-current liabilities. The increase in current liabilities was mainly due to an increase of 1,253 million yen in income taxes payable, an increase of 182 million yen in accounts payable - other, an increase of 106 million yen in notes and accounts payable - trade, and a decrease of 677 million yen in deposits received from franchised stores included in “Other” under current liabilities. The decrease in non-current assets was chiefly attributable to a decrease of 472 million yen in lease obligations and a decrease of 194 million yen in long-term borrowings.

Net assets increased 186 million yen from the end of the previous fiscal year to 52,053 million yen. This primarily consisted of an increase of 171 million yen in non-controlling interests.

2) Cash flows

Cash and cash equivalents (hereinafter “funds”) as of the end of the fiscal year under review were 16,192 million yen, up 5,700 million yen compared with the end of the previous fiscal year.

Cash flows in the fiscal year under review are as follows.

(Cash flows from operating activities)

Funds provided by operating activities amounted to 10,788 million yen (4,726 million yen provided in the previous fiscal year). This primarily consisted of profit before income taxes of 4,489 million yen, depreciation of 5,430 million yen, impairment loss of 2,980 million yen, a decrease in deposits received of 896 million yen, and income taxes paid of 1,357 million yen.

(Cash flows from investing activities)

Funds used in investing activities amounted to 2,274 million yen (2,729 million yen used in the previous fiscal year). This primarily consisted of purchase of property, plant and equipment and intangible assets of 2,504 million yen and collection of loans receivable and proceeds from refund of guarantee deposits of 347 million yen.

(Cash flows from financing activities)

Funds used in financing activities amounted to 2,739 million yen (1,317 million yen used in the previous fiscal year). This primarily consisted of proceeds from short-term borrowings of 180 million yen, repayment of short-term borrowings of 418 million yen, and payment of dividends of 2,303 million yen.

(Reference) Changes in cash flow-related indicators

	Year ended February 28, 2018	Year ended February 28, 2019	Year ended February 29, 2020	Year ended February 28, 2021	Year ended February 28, 2022
Equity ratio (%)	71.6	68.6	63.5	63.4	63.2
Equity ratio on a market value basis (%)	86.5	79.6	75.9	89.5	94.9

(Notes) 1 Equity ratio: Shareholders’ equity/Total assets

2 Equity ratio on a market value basis: Market capitalization/Total assets

3 Each of the indicators above is calculated based on financial figures on a consolidated basis.

4 Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of

issued shares at the end of the period (net of treasury shares).

- 5 The interest-bearing debt to cash flows ratio and interest coverage ratio are omitted because they are not informative figures given the Group's financial positions.

(3) Basic policy for appropriation of profits and dividends for the period under review and next period

The Company's basic policy is to distribute profits gained through the effective use of the capital received from shareholders based on clear criteria, on the premise of constant and stable payment of dividends. Specifically, the Company intends to pay dividends in an amount that is the higher of either an annual dividend of 60 yen or annual dividend payout ratio of 50% (profit per share on a consolidated basis).

In addition, it designates the Board of Directors as the decision-making body for the dividends of surplus from the viewpoint of ensuring the flexibility of capital and dividend policies.

Based on the above policy, annual dividend will be 60 yen (interim dividend of 30 yen per share and a year-end dividend of 30 per share) for the fiscal year under review. As a result of the above, the dividend payout ratio will be 103.4% on a consolidated basis. The Company considers retained earnings as valuable funds to strengthen its business structure, and plans to use them effectively for future business development, etc. from a medium- to long-term perspective.

As for the dividend payment for the next period, the Company plans to pay an annual dividend of 60 yen (interim dividend of 30 yen per share and a year-end dividend of 30 per share).

2. Basic Approach towards Selection of Accounting Standard

The Group has adopted Japanese GAAP in consideration of the comparability across periods of the consolidated financial statements and the comparability across companies. With regards to application of the International Financial Reporting Standards (IFRS) in the future, the Group will take appropriate action in light of situations at home and abroad.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheets

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	10,519	16,249
Notes and accounts receivable - trade	3,013	3,401
Merchandise and finished goods	5,391	5,801
Raw materials and supplies	220	239
Other	2,968	2,542
Allowance for doubtful accounts	(509)	(489)
Total current assets	21,603	27,745
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	27,096	22,724
Machinery equipment and vehicles, net	3,238	2,906
Land	7,388	7,341
Leased assets, net	667	264
Construction in progress	564	46
Other, net	1,509	1,743
Total property, plant and equipment	40,464	35,026
Intangible assets		
Goodwill	714	527
Other	1,214	925
Total intangible assets	1,928	1,453
Investments and other assets		
Investment securities	216	227
Long-term loans receivable	1,911	1,729
Deferred tax assets	3,704	4,182
Guarantee deposits	6,798	6,719
Investment property, net	2,222	2,221
Other	1,582	1,512
Allowance for doubtful accounts	(43)	(23)
Total investments and other assets	16,392	16,570
Total non-current assets	58,785	53,049
Total assets	80,389	80,795

Plenus Co., Ltd. (9945) Consolidated Financial Results for the Fiscal Year Ended February 28, 2022

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,402	5,508
Short-term borrowings	758	762
Lease obligations	97	139
Accounts payable - other	4,001	4,183
Income taxes payable	959	2,212
Provision for bonuses	340	339
Provision for bonuses for directors (and other officers)	—	46
Provision for points card certificates	287	232
Provision for shareholder benefit program	161	153
Asset retirement obligations	6	80
Other	4,497	3,722
Total current liabilities	16,511	17,380
Non-current liabilities		
Long-term borrowings	1,075	880
Lease obligations	726	254
Long-term guarantee deposits	2,700	2,779
Asset retirement obligations	7,124	7,198
Retirement benefit liability	110	129
Other	274	118
Total non-current liabilities	12,011	11,360
Total liabilities	28,522	28,741
Net assets		
Shareholders' equity		
Share capital	3,461	3,461
Capital surplus	4,714	4,702
Retained earnings	54,608	54,534
Treasury shares	(11,776)	(11,720)
Total shareholders' equity	51,008	50,977
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(11)	(5)
Deferred gains or losses on hedges	—	(0)
Foreign currency translation adjustment	4	64
Total accumulated other comprehensive income	(6)	58
Share acquisition rights	223	203
Non-controlling interests	641	813
Total net assets	51,867	52,053
Total liabilities and net assets	80,389	80,795

Plenus Co., Ltd. (9945) Consolidated Financial Results for the Fiscal Year Ended February 28, 2022

(2) Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Net sales	140,509	143,036
Cost of sales	69,059	69,112
Gross profit	71,449	73,923
Selling, general and administrative expenses		
Distribution expenses	6,721	6,420
Remuneration for directors (and other officers)	232	232
Salaries and bonuses	25,788	25,048
Provision for bonuses	350	345
Provision for bonuses for directors (and other officers)	—	46
Rent expenses	9,543	9,338
Depreciation	4,832	4,373
Utilities expenses	2,832	2,813
Other	20,245	21,250
Total selling, general and administrative expenses	70,547	69,870
Operating profit	902	4,053
Non-operating income		
Interest income	23	19
Dividend income	1	2
Foreign exchange gains	110	86
Rental income from non-current assets	136	132
Compensation income	57	85
Insurance claim income	231	173
Share of profit of entities accounted for using equity method	60	50
Subsidy income	356	2,606
Other	401	472
Total non-operating income	1,379	3,628
Non-operating expenses		
Interest expenses	44	40
Rental expenses on non-current assets	5	5
Loss on cancellation of rental contracts	76	6
Provision of allowance for doubtful accounts	34	—
Other	82	50
Total non-operating expenses	244	103
Ordinary profit	2,037	7,578
Extraordinary income		
Gain on sales of non-current assets	5	28
Total extraordinary income	5	28
Extraordinary losses		
Loss on disposal of non-current assets	154	89
Impairment loss	2,900	2,980
Loss from system rebuilding	857	—
Other	9	47
Total extraordinary losses	3,921	3,117
Profit (loss) before income taxes	(1,878)	4,489
Income taxes - current	1,116	2,569
Income taxes - deferred	(565)	(479)
Total income taxes	551	2,089
Profit (loss)	(2,430)	2,400
Profit attributable to non-controlling interests	115	172
Profit (loss) attributable to owners of parent	(2,545)	2,227

Plenus Co., Ltd. (9945) Consolidated Financial Results for the Fiscal Year Ended February 28, 2022

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Profit (loss)	(2,430)	2,400
Other comprehensive income		
Valuation difference on available-for-sale securities	4	5
Deferred gains or losses on hedges	—	(0)
Foreign currency translation adjustment	(76)	(61)
Share of other comprehensive income of entities accounted for using equity method	6	121
Total other comprehensive income	(65)	65
Comprehensive income	(2,495)	2,465
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,610)	2,292
Comprehensive income attributable to non-controlling interests	115	172

(3) Consolidated statements of changes in equity

Fiscal year ended February 28, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,461	4,724	58,304	(11,820)	54,669
Changes in items during period					
Dividends of surplus			(1,149)		(1,149)
Loss attributable to owners of parent			(2,545)		(2,545)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(9)		44	34
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(9)	(3,695)	44	(3,660)
Balance at end of current period	3,461	4,714	54,608	(11,776)	51,008

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	(15)	74	58	236	527	55,491
Changes in items during period						
Dividends of surplus						(1,149)
Loss attributable to owners of parent						(2,545)
Purchase of treasury shares						(0)
Disposal of treasury shares						34
Net changes in items other than shareholders' equity	4	(69)	(64)	(12)	114	36
Total changes in items during period	4	(69)	(64)	(12)	114	(3,624)
Balance at end of current period	(11)	4	(6)	223	641	51,867

Fiscal year ended February 28, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,461	4,714	54,608	(11,776)	51,008
Changes in items during period					
Dividends of surplus			(2,301)		(2,301)
Profit attributable to owners of parent			2,227		2,227
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(12)		56	43
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(12)	(74)	55	(30)
Balance at end of current period	3,461	4,702	54,534	(11,720)	50,977

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	(11)	—	4	(6)	223	641	51,867
Changes in items during period							
Dividends of surplus							(2,301)
Profit attributable to owners of parent							2,227
Purchase of treasury shares							(0)
Disposal of treasury shares							43
Net changes in items other than shareholders' equity	5	(0)	59	65	(19)	171	216
Total changes in items during period	5	(0)	59	65	(19)	171	186
Balance at end of current period	(5)	(0)	64	58	203	813	52,053

Plenus Co., Ltd. (9945) Consolidated Financial Results for the Fiscal Year Ended February 28, 2022

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(1,878)	4,489
Depreciation	5,955	5,430
Impairment loss	2,900	2,980
Loss from system rebuilding	851	—
Amortization of goodwill	186	186
Loss on retirement of property, plant and equipment and intangible assets	154	89
Increase (decrease) in allowance for doubtful accounts	9	(41)
Increase (decrease) in provision for bonuses	(0)	(1)
Increase (decrease) in provision for bonuses for directors (and other officers)	—	46
Increase (decrease) in retirement benefit liability	32	19
Increase (decrease) in provision for points card certificates	29	(55)
Increase (decrease) in provision for shareholder benefit program	37	(8)
Interest and dividend income	(25)	(21)
Foreign exchange losses (gains)	(21)	55
Share of loss (profit) of entities accounted for using equity method	(60)	(50)
Loss (gain) on sales of property, plant and equipment and intangible assets	(5)	(28)
Decrease (increase) in trade receivables	(362)	(370)
Decrease (increase) in inventories	527	(420)
Increase (decrease) in trade payables	(707)	95
Increase (decrease) in accrued consumption taxes	(1,016)	110
Increase (decrease) in deposits received	(1,224)	(896)
Other	(110)	555
Subtotal	5,271	12,164
Interest and dividends received	25	21
Interest paid	(44)	(40)
Income taxes paid	(526)	(1,357)
Cash flows from operating activities	4,726	10,788
Cash flows from investing activities		
Payments into time deposits	(33)	(42)
Proceeds from withdrawal of time deposits	261	12
Purchase of property, plant and equipment	(3,079)	(2,403)
Payments for retirement of property, plant and equipment	(271)	(34)
Proceeds from sales of property, plant and equipment	43	28
Purchase of intangible assets	(186)	(100)
Loan advances	(46)	(7)
Collection of loans receivable	208	199
Payments of guarantee deposits	(111)	(56)
Proceeds from refund of guarantee deposits	445	148
Other	39	(17)
Cash flows from investing activities	(2,729)	(2,274)

Plenus Co., Ltd. (9945) Consolidated Financial Results for the Fiscal Year Ended February 28, 2022

(Millions of yen)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	1,330	180
Repayments of short-term borrowings	(1,463)	(418)
Proceeds from long-term borrowings	114	—
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,148)	(2,303)
Other	(150)	(196)
Cash flows from financing activities	(1,317)	(2,739)
Effect of exchange rate change on cash and cash equivalents	(7)	(73)
Net increase (decrease) in cash and cash equivalents	671	5,700
Cash and cash equivalents at beginning of period	9,820	10,491
Cash and cash equivalents at end of period	10,491	16,192

(5) Notes to consolidated financial statements

(Notes regarding the going concern assumptions)

Not applicable.

(Changes in presentation method)

(Related to consolidated balance sheets)

“Accounts payable - other” that were included in “Other” under “Current liabilities” in the previous fiscal year are presented as a separate line item from the fiscal year under review due to their increased monetary significance. In order to reflect this change in presentation, the Company reclassified consolidated financial statements in the previous fiscal year.

As a result, 8,498 million yen that was presented in “Other” under “Current liabilities” in the consolidated balance sheets for the previous fiscal year has been reclassified into 4,001 million yen of “Accounts payable - other” and 4,497 million yen of “Other.”

(Related to consolidated statements of income)

“Bad debt expenses” that were presented in “Non-operating expenses” as a separate line item in the previous fiscal year are included in “Other” under “Non-operating expenses” from the fiscal year under review due to their monetary insignificance. In order to reflect this change in presentation, the Company reclassified consolidated financial statements in the previous fiscal year.

As a result, 1 million yen that was presented in “Bad debt expenses” and 81 million yen in “Other” under “Non-operating expenses” in the consolidated statements of income for the previous fiscal year has been reclassified into 82 million yen of “Other.”

(Segment information)

[Segment information]

1 Overview of reporting segments

Method of determining reporting segments

Reporting segments of the Group are components of the Group for which separate financial information can be obtained, and for which the Board of Directors conducts reviews on a regular basis to determine the allocation of management resources and assess business performance.

The Group has established business units for each product and service at its head office and sales offices, and each business unit develops comprehensive strategies for the products and services in charge to engage in business activities.

Accordingly, the Group has four reporting segments: “Hotto Motto Business,” “YAYOI Business,” “MK RESTAURANTS Business,” and “Overseas Business.”

The “Hotto Motto Business” sells take-out bento boxes, etc. In addition to sales through company-operated stores, it sells ingredients, packaging materials, office equipment, etc. (including maintenance and repair services thereof), to franchised stores and others to earn royalties and other income.

The “YAYOI Business” sells set meals, etc. In addition to sales through company-operated stores, it sells ingredients, packaging materials, office equipment, etc. (including maintenance and repair services thereof), to franchised stores and others to earn royalties and other income.

The “MK RESTAURANTS Business” offers shabu-shabu (thinly sliced meat boiled with vegetables) and authentic dim sum, etc., at the company-operated restaurants.

The “Overseas Business” sells take-out bento boxes and set meals, etc., and earns royalties and other income.

2 Method used to calculate net sales, income or loss, assets and other items by reporting segment

The method of accounting for reporting business segments is in accordance with accounting policies adopted for the preparation of consolidated financial statements.

Profit or loss of a reporting segment is based on operating income or loss. Intersegment revenues and transfers are based on market prices.

3 Information on net sales, income or loss, assets and other items by reporting segment

Fiscal year ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

(Millions of yen)

	Reporting segment					Other (Note 1)	Adjustments (Note 2)	Amount on financial statements (Note 3)
	Hotto Motto Business	YAYOI Business	MK RESTAU RANTS Business	Overseas Business	Total			
Net sales								
(1) Net sales to external customers (including other operating revenue)	104,492	24,479	2,153	2,909	134,034	6,474	—	140,509
(2) Intersegment sales or transfer	—	—	—	—	—	2,240	(2,240)	—
Total	104,492	24,479	2,153	2,909	134,034	8,714	(2,240)	140,509
Segment income (loss)	4,424	(2,683)	(386)	(688)	666	285	(48)	902
Segment assets	47,683	14,786	1,287	2,852	66,609	4,561	9,218	80,389
Other items								
Depreciation	3,633	1,604	171	520	5,929	26	—	5,955
Amortization of goodwill	—	—	—	—	—	186	—	186
Impairment loss (Note 4)	1,367	1,517	230	499	3,615	—	—	3,615
Increase in property, plant and equipment and intangible assets	1,741	1,523	14	281	3,561	131	—	3,692

(Notes)

1. “Other” represents segments not included in reporting segments and includes one consolidated subsidiary.
2. (1) The adjustments to segment income (loss) represent corporate expenses that are not allocated to each reporting segment.
(2) The adjustments to segment assets mainly consist of surplus operating funds (cash and deposits, and securities) of the parent company.
3. Segment income (loss) is adjusted with operating profit stated in the consolidated statements of income.
4. Impairment loss includes 714 million yen out of extraordinary losses resulting from system rebuilding.

Plenus Co., Ltd. (9945) Consolidated Financial Results for the Fiscal Year Ended February 28, 2022

Fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(Millions of yen)

	Reporting segment					Other (Note 1)	Adjustments (Note 2)	Amount on financial statements (Note 3)
	Hotto Motto Business	YAYOI Business	MK RESTAU RANTS Business	Overseas Business	Total			
Net sales								
(1) Net sales to external customers (including other operating revenue)	105,972	25,359	1,848	3,007	136,187	6,849	—	143,036
(2) Intersegment sales or transfer						2,877	(2,877)	
Total	105,972	25,359	1,848	3,007	136,187	9,726	(2,877)	143,036
Segment income (loss)	7,050	(2,349)	(302)	(713)	3,685	439	(71)	4,053
Segment assets	44,878	13,323	1,027	2,593	61,822	4,588	14,383	80,795
Other items								
Depreciation	3,309	1,549	111	433	5,403	26	—	5,430
Amortization of goodwill	—	—	—	—	—	186	—	186
Impairment loss	1,353	1,427	135	64	2,980	—	—	2,980
Increase in property, plant and equipment and intangible assets	1,113	1,579	33	110	2,836	60	—	2,896

(Notes)

1. “Other” represents segments not included in reporting segments and includes one consolidated subsidiary.
2. (1) The adjustments to segment income (loss) represent corporate expenses that are not allocated to each reporting segment.
(2) The adjustments to segment assets mainly consist of surplus operating funds (cash and deposits, and securities) of the parent company.
3. Segment income (loss) is adjusted with operating profit stated in the consolidated statements of income.

(Per-share information)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Net assets per share	1,329.87 yen	1,329.78 yen
Profit (loss) per share	(66.39 yen)	58.05 yen
Diluted earnings per share	–	57.85 yen

(Notes) 1. Diluted earnings per share for the fiscal year ended February 28, 2021 are not shown given negative earnings per share although there are dilutive shares.

2. The basis for calculation of profit (loss) per share and diluted earnings per share is as follows.

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Profit (loss) per share		
Profit (loss) attributable to owners of parent stated in the consolidated statements of income	(2,545 million yen)	2,227 million yen
Profit (loss) attributable to owners of parent related to common shares	(2,545 million yen)	2,227 million yen
Amount not attributable to common shareholders	–	–
Average number of common shares during the period	38,345 thousand shares	38,372 thousand shares
Diluted earnings per share		
Adjustments to profit attributable to owners of parent	–	–
Increase in the number of common shares	–	136 thousand shares
Breakdown of the increase in the number of common shares used to calculate diluted earnings per share		
Share acquisition rights	–	136 thousand shares

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
<p>Descriptions of potentially dilutive shares that were not included in the calculation of diluted earnings per share as they are not dilutive</p>	<p>June 14, 2010 Resolved by the Board of Directors Share acquisition rights in 14,400 shares</p>	
	<p>June 20, 2011 Resolved by the Board of Directors Share acquisition rights in 14,000 shares</p>	
	<p>June 18, 2012 Resolved by the Board of Directors Share acquisition rights in 14,900 shares</p>	
	<p>June 17, 2013 Resolved by the Board of Directors Share acquisition rights in 13,600 shares</p>	
	<p>June 16, 2014 Resolved by the Board of Directors Share acquisition rights in 8,800 shares</p>	
	<p>June 10, 2015 Resolved by the Board of Directors Share acquisition rights in 9,400 shares</p>	-
	<p>June 10, 2016 Resolved by the Board of Directors Share acquisition rights in 14,800 shares</p>	
	<p>June 9, 2017 Resolved by the Board of Directors Share acquisition rights in 12,300 shares</p>	
	<p>June 11, 2018 Resolved by the Board of Directors Share acquisition rights in 14,400 shares</p>	
	<p>June 11, 2019 Resolved by the Board of Directors Share acquisition rights in 14,900 shares</p>	
	<p>June 9, 2020 Resolved by the Board of Directors Share acquisition rights in 14,400 shares</p>	

(Important subsequent events)

Not applicable.